

Questions for Connecticut Department of Housing (DOH) Appropriations Committee: Informational Hearing

DOH's COVID-19 Response

1. What is the status of the shelter decompression initiative that the state undertook early in the pandemic to reduce spread within the homeless population?

DOH continues to decompress shelters by utilizing hotel rooms throughout the state to maintain proper social distancing for our most vulnerable residents while we vigorously work to house as many of our homeless households as possible.

- a. How many homeless individuals and families that were moved to hotels are still there?

As of August 14, 2020, there are 703 individuals and 35 families in hotels. Since June 1st 634 households have been moved from homeless both from hotels and shelters to permanent housing.

- b. What federal and/or state funds are being used for this initiative? Is funding sufficient to continue this initiative until participants are otherwise housed?

DOH is in the process of utilizing FEMA to pay for 75% of the hotel costs and OPM has committed to using Treasury Act CARES Act funding for the remaining 25%. It is unknown how long FEMA will continue to approve the use of hotels for this purpose.

2. The Governor announced a \$10 million Temporary Rental Housing Assistance Program (TRHAP) for rental assistance for Connecticut residents impacted by COVID-19, which began taking applications on July 15.

- a. Who does and does not qualify for this program?

- **Initially, the program had two priority populations for assistance, but has since moved to uniform eligibility criteria. (*Info on the former priorities is available*).**

Eligibility Criteria:

- **Rental unit for which they are applying is their primary residence**
- **Households are not currently facing ejection due to an eviction order**
- **Head of household has a SSN or equivalent (legal immigrant)**
- **2019 Household Income (income from all adults living in the home) at or below 80% of the Area Median Income.**
- **Household has been impacted by COVID-19**

Examples include:

- **Substantial loss of income (job loss/reduced hours)**

- **Inability to work due to positive COVID**
- **Inability to work in order to provide child care due to loss of day care**
- **Inability to work in order to care for a COVID positive family member**

b. How is DOH operating this program?

In coordination with the Connecticut Housing Finance Authority, individuals or households may participate by phone (Call Center 1-860-785-3111) or via a web form (<https://www.chfa.org/trhap/>). Once this prequalification is completed, households receive an acknowledgement via email to confirm their submission. The information provided is validated for completeness and basic eligibility. Bi-weekly, information is batched, and assignments are made to one of eleven (11) HUD Certified Housing Counseling Agencies (“HCA”). At the same time, applicants are notified of their prequalification and assignment, and provided detailed application materials. The HCA will then assist the applicant in compiling the necessary information and documentation before DOH approval to go to contract with the Landlord.

c. What has the response been so far (i.e. high demand)?

Attached for your reference (TRHAP Activity to Date) is a summary report through the first four weeks of the program, which covers the first two priority periods.

d. Have landlords begun receiving payments on behalf of eligible tenants yet?

We anticipate the first payments to landlords to go out in the next week. This would include arrearage payments as well as the first monthly installment for those who continue to have needs.

3. What does DOH anticipate will happen when the residential eviction moratoriums end? Is DOH prepared?

DOH is aware that the residential eviction moratorium will expire at the end of August. While there have been various predictions about the severity of evictions, it is difficult to predict the extent to which landlords will evict. DOH has been preparing by creating programs, including the Temporary Rental Housing Assistance Program and the Eviction Prevention program to reduce the number of households facing evictions.

4. What is the status of the \$2.5 million rent relief program announced to assist those who are ineligible for emergency assistance through the federal CARES Act, including those who are undocumented?

The Connecticut Department of Housing [DOH] has partnered with the Connecticut Institute for Refugees and Immigrants [CIRI] to serve those tenants not eligible for the federal CARES Act assistance. The contract is currently under review by the Office of the Attorney General. Approval is anticipated at any time.

- a. How are eligible recipients being identified?

CIRI has collaborated with 6 grassroots organizations (subcontractors) who are intimately involved with the undocumented immigrant community. These subcontractors and CIRI will identify the tenants in need and will compile all the necessary information and documents from the tenants and landlords.

- b. Has DOH begun disbursing funds for the program? Since when? Or if not, then when?

As noted above, the CIRI contract is at the AG's Office for approval. It is anticipated that within 2 weeks of receipt of that approval, payments to landlords may begin.

- c. What organizations are making payments to landlords on DOH's behalf?

As noted above, CIRI is responsible for making payments directly to landlords on behalf of tenant households.

- d. How much assistance can each household receive?

The program will pay up to \$1,200 per family or two months' rent, whichever is less. For an individual, the program will pay \$600 or two months' rent, whichever is less.

5. The Governor also announced a \$10 million Temporary Mortgage Assistance Program (TMAP) that began July 15, to be operated by the Connecticut Housing Finance Authority (CHFA).

- a. What has been the response so far?

For the period July 15-31, 217 inquiries were received: 190 inquiries through the Call Center, and 27 applications submitted through the website, which was activated on July 28.

Of the 217 inquiries, 23 applicants are eligible for the T-MAP program. Over 65% of applicants were ineligible because they had federally insured mortgages, which

are covered under the protections of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which provides them with options for forbearance and/or loan modification. Many borrowers do not understand the distinction between federally insured loans and conventional loans. CHFA has worked to educate borrowers about their eligibility for the federal and/or state program through flyers, Q&A's and other information disseminated through its website, social media and press releases. We anticipate this outreach will cut down on the number of ineligible applicants in the future.

The remaining 24% were not eligible for a variety of reasons, including being current on their mortgages, non-COVID hardships, unemployment, non-1st priority lien mortgages, and in some instances, no mortgage.

Applicants who applied for T-MAP despite being current on their mortgages may be anticipating a future hardship. CHFA experienced this same phenomenon during the initial weeks of the COVID-19 crisis. For the month of April, 33% of 814 CHFA whole loan borrowers continued to make loan payments although they had received forbearance approvals on their mortgage loans. Their applications for forbearance anticipated a future hardship.

The program has been online since July 15, and CHFA has actively marketed the program through its website, DOH's site, email-blasts to lender and servicer partners, social media platforms and outreach through advocacy organizations. CHFA continues to increase the awareness of the program throughout the state. One of the reasons for the slow response seen to date could be attributable to homeowners directly interfacing with their servicer or lender to negotiate more favorable terms for their mortgages, including forbearance and loan modification.

- b. Does CHFA anticipate a wave of foreclosures in Connecticut as a result of COVID-19?

CHFA does not anticipate a wave of foreclosures hitting at once, but more likely a stream of foreclosures that work their way through the system. Between the grace periods established by Governor Lamont and the relief provided by the CARES Act, homeowners with federally insured mortgages could receive up to 360 days of mortgage relief. With borrowers applying for forbearance at different times and needing forbearance for varying lengths of time, foreclosures are not likely to hit the state all at once.

Currently, more than 40,000 residential mortgages in Connecticut are technically delinquent, but a significant portion are likely in forbearance. For tracking purposes, the Mortgage Bankers Association (MBA) asks servicers to report loans in forbearance as delinquent (ranging from 30 to more than 90 days late). However

nearly 75% of these loans have federal insurance, and are eligible for relief through the CARES Act into 2021.

Additionally, as the unemployment rate drops and workers gradually return to work and regain their financial stability, more of those technically delinquent homeowners will resume paying their mortgages, further reducing the potential number of foreclosures.

In addition, the pent up demand for housing and current level of activity in the housing market (Hartford home sales were up 8% in July and pending sales are up 31%), could mitigate some of the impact of foreclosures in the coming months.

Will this assistance be enough?

T-MAP and EMAP programs target non-federally insured mortgages because federally insured mortgages receive protections under the CARES Act. Provided the federal government continues to provide assistance for homeowners through unemployment benefits, pandemic assistance and/or forbearance relief, the T-MAP and EMAP programs should be sufficient to assist homeowners with non-federally insured mortgages who are impacted by COVID-19.

6. Aside from the influx of additional federal funding, how has the COVID-19 pandemic impacted DOH's operations and budget?

Operations of all state agencies have been impacted, however, for DOH, it has not impeded our ability to continue full operations. With regard to our operating budget, we have not experienced any significant impact at this time.

- a. Have employees been able to work remotely? Any additional costs associated with that?

Yes, due to prior planning, DOH was able to move to 100% Telework, with some staff (administrative, IT) periodically going into the office to move mail, ensure technology issues are addressed, etc. With the federal support that we have received, we have been able to manage without any additional cost to the State

Why did the Housing/Homeless Services account spend about \$4 million less than was available for FY 20?

The reason for the lapse in the Housing and Homeless is slower than anticipated lease ups in the Rental Assistance Program, which includes such specialty programs as the Money Follows the Person Program, the Family Reunification Program and the CHESS initiative.

- i. Will the "up to \$3 million" that is being carried forward into FY 21 from this account be used entirely for the rent relief program for those ineligible for CARES Act assistance?

\$2.5MM will be used to provide direct assistance to undocumented households. The remaining \$500,000 is being used to provide administrative support all three of the COVID related housing initiatives: TRHAP, T-MAP and support for the undocumented assistance.

- ii. How does DOH anticipate COVID-19 will impact its FY 21 budget?

At this time, it is too early to tell for certain, however, based on the federal assistance we have received to date, we do not anticipate any substantive impact on Agency operations. The one concern we are keeping a close watch on are rising construction costs, due to COVID related protocols at the construction sites, and increasing materials costs for the same reason. We do not have firm numbers relative to impact at this time, but we are watching it to be certain that the projects we have already invested in can be completed within current investment levels.

New Federal Funding

CARES Act Funding Allocated to the State of Connecticut			
FUNDING	SC CDBG-CV	ESG-CV	HOPWA-CV
Tranche One	\$8,138,549	\$8,159,579	\$38,662
Tranche Two	\$11,467,321	\$12,591,306	-

Small Cities Community Development Block Grant for COVID-19 (SC CDBG-CV)

Through the CARES Act, DOH is receiving resources from the federal government to be passed on to local governments "to prepare for, prevent, and respond to the COVID-19 pandemic." So far, two tranches of funds have been allocated to DOH. The first tranche (\$8.1 million) is to be awarded competitively to non-entitlement towns as in the general Small Cities program; the second (\$11.5 million) can be awarded to both small towns and cities (i.e. entitlement and non-entitlement communities). Entitlement communities have populations of at least 50,000 and received CDBG funds directly from the federal government in the first funding round.

1. How many applications were received for the SC CDBG-CV first tranche of funding (i.e. \$8.1 million) and when does DOH anticipate awarding those funds to non-entitlement towns?

The Department received six multi-jurisdictional applications, representing a combination of 21 communities, which will be awarded shortly.

2. How does DOH plan to prioritize funding for the second tranche of funding (i.e. \$11.5 million)? What activities will be funded?

DOH is accepting applications for any CDBG eligible activity that is designed to prepare for, prevent or respond to the COVID-19 Pandemic, in accordance with current HUD Guidance. With the assistance of a HUD certified technical assistance provider, we are developing a standard program that can be adopted locally, should any community choose to do so. We continue to reach out to eligible entitlement and non-entitlement communities regarding eligible activities.

3. Does DOH anticipate that some municipalities seeking funds will not receive any under this program?

No, based on current activity, we anticipate being able to fully fund any requested activities.

Emergency Solutions Grant Program for COVID-19 (ESG-CV)

Through the CARES Act, DOH is receiving resources from the federal government to address the impact of COVID-19 among individuals and families who are homeless or at risk of homelessness, and to support additional homeless assistance and eviction prevention assistance. DOH has proposed to allocate the funding from its first and second tranches as shown in the following table.

Summary of Proposed Activities for the Two Distributions of ESG-CV		
Funded Activity	Allocation CV-1	Allocation CV-2
Expansion of Rapid Rehousing	4,000,000	3,591,306
Case Management to Support Rapid Rehousing	-	1,000,000
Eviction Prevention	2,809,579	2,500,000
Expansion of Shelter Funding – Operations and Activities	1,250,000	2,000,000
Telehealth Technology	100,000	-
Homeless Outreach Activities	-	1,000,000
Homeless Diversion Activities	-	1,250,000

Additional Staff for CAN and Entry through 2-1-1	-	1,250,000
Total	8,159,579	12,591,306

1. How is DOH using the federal ESG funding to prevent and respond to homelessness during the COVID-19 pandemic?

DOH has a variety of goals in utilizing federal ESG funding to prevent and respond to homelessness during the COVID-19 pandemic. The primary goal of DOH is to ensure as many households obtain permanent housing as possible using these funds. Therefore, the largest investment of funds is in rapid rehousing or short/medium term rental assistance with case management to provide permanent housing in communities. Additionally, DOH is utilizing these funds for its eviction prevention program to ensure households that are evicted do not end up homeless. DOH also needs to ensure the safety of guests within the shelter system. For that reason, a portion of these funds will be given to shelters to make those spaces safer. DOH is also investing in homeless outreach services to ensure those that are on the street have access to a variety of services, including permanent housing options. Lastly, DOH also needs to invest into the homeless service system, specifically the Coordinated Access Networks and 2-1-1 to provide enough staffing to manage new inflow and to exit households to permanent housing as quickly as possible.

2. How will the additional funds for shelters be used?

The additional funds for shelters will be used to make these locations safer for the guests of the system. Such activities include purchasing PPE, modifications to buildings to provide social distancing as well as properly compensating shelter staff with hazard and overtime pay.

3. What is the status of the new eviction prevention program? Has it begun helping families and individuals?

The eviction prevention program is still in development. DOH has engaged numerous partners to make this as robust a program as possible.

4. Does DOH anticipate a need for additional resources for eviction prevention efforts beyond these federal funds and the other state funds already identified?

As previously stated, DOH is aware of the impending expiration of the eviction moratorium, but it is uncertain how many households will be facing eviction. As a result, it is difficult to predict if additional resources are going to be needed.

5. How well has the 2-1-1 system been handling housing requests during the pandemic? How many new staff will the \$1,250,000 support?

2-1-1 has been able to continue to provide quality services as the front door to the homeless service system. The \$1,250,000 listed here is for both support for 2-1-1 and for the Coordinated Access Networks. DOH is working on the proper allocation split between 2-1-1 and the Coordinated Access Networks. One distinct change noticed during the pandemic is increased attendance at CAN appointments, most likely due to the conversion of appointments from in person to virtual.

Additional Federal Funding

7. Aside from CDBG and ESG, what other additional federal funds have been made available for Connecticut to address housing needs related to COVID-19?
 - a. For Tenant based rental assistance (Section 8 Housing Choice Voucher program)?

DOH received an additional 47 Mainstream Vouchers from HUD. These are Section 8 vouchers for the non-elderly disabled population. DOH has allocated these vouchers to those disabled homeless households with the highest barriers to permanent housing.

- b. Housing Opportunities for Persons with AIDS (HOPWA)?

DOH received a modest amount of additional HOPWA funds (\$38,662). These funds will be split between the two DOH HOPWA contractors to be able to promote activities that will allow HOPWA tenants to be safe from COVID. Such activities include procurement of PPE as well as technology to be able to provide telehealth services.

- c. Public Housing Operating Fund (not through DOH)?

As noted, these funds do not flow through DOH, so we do not have any information on how those local housing authorities will be utilizing these funds.